

1 IN THE UNITED STATES BANKRUPTCY COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 IN RE: § CASE NO. 20-33948-11
5 FIELDWOOD ENERGY, LLC, § HOUSTON, TEXAS
ET AL, § THURSDAY,
6 DEBTORS. § JANUARY 28, 2021
§ 2:27 P.M. TO 3:40 P.M.

7 STATUS CONFERENCE AND EMERGENCY MOTION (VIA ZOOM)

8 BEFORE THE HONORABLE MARVIN ISGUR
9 UNITED STATES BANKRUPTCY JUDGE

10
11
12 APPEARANCES: SEE NEXT PAGE

13 RECORDED VIA COURTSPEAK; NO LOG NOTES
14
15
16
17
18
19

20 TRANSCRIPTION SERVICE BY:

21 JUDICIAL TRANSCRIBERS OF TEXAS, LLC
22 935 Eldridge Road, #144
23 Sugar Land, TX 77478
281-277-5325
www.judicialtranscribers.com

24 Proceedings recorded by electronic sound recording;
25 transcript produced by transcription service.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES (VIA ZOOM):

FOR THE DEBTORS: WEIL GOTSHAL & MANGES, LLP
Paul R. Genender, Esq.
200 Crescent Court, Ste. 300
Dallas, TX 75201-6950
214-748-7700

FIELDWOOD ENERGY, LLC: Robert Sergesketter, Esq.
Deputy General Counsel

FOR BP EXPLORATION & PRODUCTION, INC.: GREENBERG TRAURIG, LLP
Karl D. Burrer, Esq.
Shari L. Heyen, Esq.
1000 Louisiana St., Ste. 1700
Houston, TX 77002
713-374-3500

FOR THE US TRUSTEE: OFFICE OF THE US TRUSTEE
Stephen D. Statham, Esq.
515 Rusk, Ste. 3516
Houston, TX 77002
713-718-4650

FOR RED WILLOW OFFSHORE, LLC AND HOUSTON ENERGY DEEPWATER VENTURES I, LLC: BARNET B. SKELTON, JR., PC
Barnet B. Skelton, Esq.
712 Main Street, Ste. 1610
Houston, TX 77002
713-659-8761

(Please also see Electronic Appearances.)

1 HOUSTON, TEXAS; THURSDAY, JANUARY 28, 2021; 2:27 P.M.

2 (Conference muted.)

3 THE COURT: All right. In a moment, we're going
4 to call the Fieldwood Energy case. If you intend to speak
5 at the hearing, let me ask you to press five star on your
6 phone, so that I can get the different lines opened up.

7 (Pause in the proceedings.)

8 (Conference recording started.)

9 THE COURT: All right. We're going to start with
10 a status report from Debtors' counsel and then see where we
11 go from there.

12 Who is going to speak for the Debtor?

13 MR. GENENDER: Your Honor, Paul Genender for the
14 Debtors. Can you hear me okay?

15 THE COURT: I can, Mr. Genender. Go ahead,
16 please.

17 MR. GENENDER: Good afternoon, Your Honor. Thank
18 you very much for making time for us this afternoon on short
19 notice for the status conference. We appreciate it.

20 The emergency motion that we're here on for the
21 status was filed late yesterday at docket entry 792, and it
22 is truly a time-sensitive matter.

23 The Debtors' estates stand to suffer significant
24 damage unless BP is compelled to perform under its
25 pre-petition contracts with Fieldwood. BP should have the

1 same interest in preserving this lease as Fieldwood does.
2 The parties should be aligned under this motion. A recent
3 executive order from the Department of Interior makes this
4 an emergent issue that caused us to file the emergency
5 motion and, of course, we apologize to the US Trustee for
6 the insufficient notice regarding the motion and the request
7 to seal certain documents.

8 We're having discussions with business people to
9 try to resolve the issue, but unfortunately the timing, as I
10 mentioned, forced us to file the motion now. BP owns a
11 platform, Na Kika, where a base production will occur and
12 operates a root system connecting Genovesa well to Na Kika.
13 The flow line plan mentioned in our motion is a short-term
14 fix needed to make this connection and allow Genovesa to
15 come online.

16 That repair will make the six-to-eight weeks --
17 that is the report will take six-to-eight weeks to complete
18 and in light of the recent Department of Interior to meet
19 the deadline to come online and avoid the termination by
20 2021. If the lease is terminated due to inactivity between
21 now and April 5th, there's no guarantee we can get it back.
22 And there's no assurance that an SOP will be available
23 either. In any event, we would not know for some time an
24 answer to whether suspension of production order would be
25 available.

1 Eight weeks from today, Your Honor, just as a
2 matter of calendaring, is March 25th, just ten days prior to
3 April 5th. With weather delays and other variables there's
4 next to no time to spare.

5 So what we're asking the Court to do is to compel
6 BP in the motion to perform under and comply with the
7 operative agreements, including repair the lines so the
8 Genovesa well would come online by April 5th and will pay
9 for this leaving no cost to BP. And to let Fieldwood do
10 what's necessary to effectuate those repairs.

11 There are larger repairs that are needed to repair
12 the overall root system, Your Honor, but this motion is not
13 about those larger long-term repairs. The parties have been
14 discussing the single flow-line plan that is at issue in the
15 motion for months, but BP has yet to commit to a schedule
16 despite Fieldwood's urging.

17 Importantly, just last month, BP completed a
18 similar single-flow line plan for its own well, Isabella, on
19 the other side of the root system opposite Genovesa and two
20 other Fieldwood wells. So this can be done.

21 We've had productive discussions with counsel for
22 BP this week and appreciate that they were just retained
23 earlier this week, even though these issues are not new to
24 BP. We shared documents with BP's counsel and conferred at
25 length before we filed the motion late yesterday. We're

1 hopeful the parties can reach agreement, but do not, Your
2 Honor, have the luxury of time to wait in the event they
3 cannot.

4 We plan to have the motion fully heard tomorrow
5 afternoon at 1:30. Mr. Stark, one of the lawyers for BP,
6 advised me last night of a family conflict, which, of
7 course, Your Honor, we want to respect and therefore, we
8 wanted to get before you this afternoon for a status, given
9 the time sensitivities. We'll also work with the US Trustee
10 regarding sealing of the documents.

11 In any event, Your Honor, we will need and we will
12 want to ask the Court to set aside time for the full hearing
13 at the Court's earliest convenience, understanding not this
14 day, but tomorrow morning as an alternative to tomorrow
15 afternoon is unavailable but that there is time on Monday,
16 although Your Honor, given the timeline that we're dealing
17 with, the difference between tomorrow and Monday is not
18 insignificant.

19 And perhaps I'll stop there, and of course, happy
20 to answer any questions, Your Honor. Thank you so much.

21 THE COURT: Thank you.

22 Ms. Heyen, Mr. Burrer, tell me what's going on.

23 MS. HEYEN: Thank you, Your Honor. Shari Heyen
24 and Karl Burrer for BP Exploration & Production.

25 Your Honor, we did receive the motion last night

1 and we've been working with our client to gather documents
2 and witnesses, et cetera, and obviously we disagree with the
3 recitation of the facts as set forth in the motion.

4 From the motion on file with the Bankruptcy Court,
5 we understand that Fieldwood believes that the emergency was
6 caused by the order issued on January 20th by the Department
7 of Interior, and given the extreme lack of notice, we have
8 about 12 business hours to prepare for an important
9 evidentiary, contested hearing. We may have a potential
10 interim solution that we would like to explore with the
11 Court and Fieldwood. And it's basically a two-prong
12 suggestion.

13 First, as a gating issue, a permit must first be
14 obtained before any work can commence. So the permit --
15 like I said, the permit is a gating issue and BP will
16 commit to move the permitting process forward as quickly as
17 possible. We understand it will take a few days to obtain a
18 permit, but we would like to start that process right now.

19 The construction of the temporary fix must be done
20 in a safe and responsible manner. This is a deepwater
21 platform. It involves a (indiscernible) loop owned by BP.
22 The timeline and construction plan must be memorialized and
23 documented and counsel for Fieldwood and BP will continue to
24 work on those draft documents. There is risk, cost, safety
25 factors that must be taken into consideration here, but Your

1 Honor, I think the parties are working on that documentation
2 and they have been working on that documentation.

3 Fieldwood would not be prejudiced if we're
4 permitted to obtain the permit and start working on that
5 process. It's not losing any time.

6 The second prong would be that Fieldwood must take
7 the initiative to request and use good faith efforts to
8 obtain a Suspension of Production, or SOP. Fieldwood's
9 statement that it doesn't think it can be an SOP shouldn't
10 count by the Court. We think Fieldwood should be compelled
11 to start that process now. And if Fieldwood is successful
12 in obtaining the SOP, it would moot the relief requested by
13 Fieldwood in the motion. I think that relieves pressure on
14 the back end, so we're not rushing for -- to do something
15 that's a pretty complex fix.

16 Your Honor, by allowing the permitting process to
17 move forward, which is a gating issue that must be handled
18 in any event and compelling Fieldwood to move forward with
19 the SOP, that alleviates the emergency nature requested by
20 Fieldwood. It might be a better use of the Court's and the
21 parties' time and resources to move the hearing to sometime
22 next week. I think I heard Mr. Genender mention Monday. We
23 can either come back for a status conference on Monday, but
24 Your Honor, if we do come back for a hearing on Monday, that
25 would give BP a little bit more time to prepare and get

1 ready for an evidentiary hearing. As I mentioned, we were
2 just retained this week and were given the motion last
3 night.

4 THE COURT: Mr. Genender, I don't know if you need
5 time to confer. Do you know whether your client agrees from
6 a factual point of view that getting the permit is a gaiting
7 issue to commencing the work and therefore, there's no
8 difference between a hearing on Friday and a hearing on
9 Monday?

10 MR. GENENDER: I would need to confer with the
11 client on that issue, Your Honor, but I can say state to the
12 SOP issue right now and that's a little bit of a chicken and
13 the egg issue in the sense that in order to apply for and
14 get an SOP, we need a schedule. We need the very schedule
15 that BP is yet to give us for the completion of the work.

16 So I don't see an issue necessarily in that dual
17 path, but we have to have a schedule to get the work done to
18 do it. And what we've also -- and Your Honor, we're
19 certainly prepared to put evidence on, the world has changed
20 in many respects or appears to have changed in many respects
21 and thus (indiscernible) different orders that have come out
22 and the risks here and the processes to get an SOP look to
23 be different than they might have been just two weeks ago.

24 So I can certainly confer about the permitting.
25 If that's something they could do, they could have done

1 yesterday or the parties have been discussing this issue for
2 months and every time we've frankly heard the same thing,
3 which is, okay, next month; okay, next month.

4 We were told this was going to be done Q1. Now
5 we're sitting here with a six-day week schedule --

6 THE COURT: Okay. Let's get the answer. I hear
7 you. Let's get the answer to the question though.

8 Mr. Sergesketter, if you want to press five star,
9 I know you wanted to speak, but I need to figure out what
10 phone line you're one.

11 MR. SERGESKETTER: That's exactly what I was going
12 to pitch to Your Honor, so thank you very much.

13 THE COURT: Oh, this is your client?

14 MR. SERGESKETTER: Your Honor, are you able --

15 THE COURT: Yes, sir. Go ahead.

16 MR. SERGESKETTER: Your Honor, Robert
17 Sergesketter. I am in-house counsel with Fieldwood Energy.

18 Mr. Genender did speak what I was trying to state
19 and I don't want to belabor the point, but the search by
20 Fieldwood submitting an SOP application for suspension of
21 production could negate the emergency status of this hearing
22 could not be further from the truth. We have no idea how
23 long an SOP if submitted would take to be granted in the new
24 arena between now we're playing.

25 As Mr. Genender clarified, we are prohibited from

1 submitting an SOP until we have a hard schedule from BP,
2 which we've been asking for for quite some time. Once we
3 have that, we have no qualms with submitting for an SOP, but
4 we cannot sit around and wait for that SOP to be granted.
5 That could take weeks or months. We have no idea.

6 Even in an ordinary course before this new
7 Department of Interior order, an SOP could take some time to
8 be approved. Now, they're really --

9 THE COURT: Is it correct that the permitting is a
10 gating issue?

11 MR. SERGESKETTER: The initial permit that she's
12 suggesting, they absolutely do need to get that permit, Your
13 Honor. I completely agree, but that could have been put in
14 process quite some time ago. We encouraged them to apply
15 for it.

16 THE COURT: I can't deal with what should have
17 happened yesterday.

18 MR. SERGESKETTER: I understand.

19 THE COURT: What I want to find out is, can you
20 start construction or can they start construction without
21 getting a permit?

22 MR. SERGESKETTER: I don't know the answer to that
23 specific question, but they certainly can get vessels moving
24 to be onsite and everything can be put in place while that
25 permit is being granted, Your Honor.

1 THE COURT: Right. So --

2 MR. SERGESKETTER: In other words, there's a lot
3 of parallel path work that can be done while the permit is
4 pending.

5 THE COURT: And that's -- Ms. Heyen, what I was
6 about to ask was whether your client was amenable to
7 immediately commencing the permitting processes you have
8 outlined and simultaneously taking all actions that your
9 client is allowed by law to take to prepare to do the work
10 so that when the permit is issued, you can immediately move.

11 As to whether I'll order you to move is a
12 different question, but what I'm trying to do is to avoid
13 having to have a hearing, you know, today or tomorrow to
14 give you a reasonable opportunity to prepare, but I really
15 don't think it's reasonable -- and it may be. I want to
16 give you a chance to talk to your client, just like I want
17 Mr. Genender to have a chance to talk to his client.

18 I don't think I should put the hearing off, if
19 that's going to actually result in delay. But if your
20 client is going to follow a permitting path and follow the
21 scheduling path and follow a commencement path --
22 pre-commencement path, then I don't see why there's a reason
23 to make you come in with witnesses, you know, without more
24 notice and I'm inclined to live with a much different
25 schedule.

1 Do you need time to -- and I don't at all mind
2 saying that the Debtor has to, you know, work on the
3 Suspension of Production application, as well, but they can
4 only do that with the information that they may be required
5 to have. I'm not finding they are required to have the
6 schedule, though that makes a lot of sense to me. And so
7 but I don't mind ordering them to proceed with Suspension of
8 Production as fast as they can get that done and to the
9 extent that's dependent on information from you as fast as
10 they can get it done, is dependent on you.

11 Do you have a problem with requiring you to take
12 those three steps and then we'll have a more orderly way to
13 hear this? Do you want to try to talk to your client?

14 MS. HEYEN: Your Honor, Shari Heyen.

15 THE COURT: I'm sorry. Do you want time to talk
16 to your client?

17 MS. HEYEN: Your Honor, can you hear me?

18 THE COURT: I can. I didn't mean to interrupt
19 you.

20 MS. HEYEN: No problem. Thank you, Your Honor.

21 Yes, I would like some time to confer with my
22 client. I do not anticipate that that will be an issue, but
23 I would like to speak with them offline, if it pleases the
24 court?

25 THE COURT: Sure. How long do you need?

1 MS. HEYEN: Maybe 30 minutes?

2 THE COURT: Okay. Why don't we -- let me --
3 Mr. Statham, I know you had something you wanted to talk
4 about, but I'm inclined to think we'll come back at 3:30 and
5 if you want to address issues now, that's great. Otherwise,
6 we'll adjourn until 3:30.

7 And if somebody else wants to address something
8 now, that's fine, as well.

9 MR. STATHAM: Your Honor, if I could, I only have
10 about two minutes. It'll be a quick comment.

11 Obviously my client is taking a hard look at the
12 proposed sealing motion, which currently is supported by
13 evidence. We weren't aware of the sealing issue and didn't
14 receive the sealed documents until late this morning after
15 the (indiscernible) holding.

16 We appreciate Mr. Genender's comments and
17 obviously we'll work with him and Mr. Perez after we review
18 the material and see if any kind of resolution can be
19 reached on the sealing matter.

20 Obviously a more surgical approach is preferred
21 rather than a wholesale sealing of the documents in their
22 entirety. That said, if we can't resolve that, we will at
23 some point expect the Debtors to carry the burden to meet
24 the evidentiary requirements to keep the sealing.

25 THE COURT: Let me make this pretty easy. I think

1 we tend to over-seal because it's convenient and the
2 ordinary course should be documents get filed redacting
3 stuff that ought to be redacted and then the redacted stuff
4 ought to be sealed.

5 If it's an emergency, you probably don't have time
6 to get that done in an orderly way. So I would encourage
7 the parties as they talk through how to handle this, to find
8 a way to have an orderly filing of an unsealed, but redacted
9 set of exhibits and the same with the motion, and then to
10 have sealing apply only to those parts that are proprietary
11 and confidential.

12 I don't know if that works for you or not, but I
13 also need to respect the fact that in an emergency, you
14 know, the packet I got was like that -- about that thick
15 (indicating), I think. You know, going through and figuring
16 out exactly what to redact, if you're worried that the world
17 is going to end, is probably something that can wait a day
18 or two.

19 On the other hand, your client I suspect now has
20 everything un-redacted, right?

21 MR. STATHAM: Yes, sir.

22 THE COURT: I hope that you-all can live with that
23 kind of guidance, but if not, I'll hear whatever dispute
24 there is, but in general I don't want to be over-redacting
25 things that don't need to be -- over-sealing things that

1 shouldn't be.

2 MR. GENENDER: Your Honor, it's Paul Genender.
3 We, of course, will work to get that resolved so that does
4 not have to come back to your attention.

5 THE COURT: It's actually a -- I don't mean to
6 belittle it at all. It's pretty important to me that I
7 comply with Section 107 of the Bankruptcy Code, so if it
8 needs to come to my attention, it comes to my attention.
9 Don't worry about it.

10 MR. GENENDER: Understood, understood, understood.

11 THE COURT: I'm also not in the least upset that
12 when you have an emergency, there have to be priorities. I
13 now though want to get it done the right way when we can
14 assign -- maybe not Paul Genender -- to work on how to get
15 those redacted.

16 MR. GENENDER: Well, if you want it done right,
17 Your Honor, it's not going to be assigned to me.

18 THE COURT: Well, that was my point.

19 (Laughter.)

20 THE COURT: All right. We'll come back at 3:30.

21 Ms. Heyen, that works for your client; is that
22 right?

23 MS. HEYEN: Yes, Your Honor. That works fine.
24 Thank you.

25 THE COURT: And anyone else have anything you want

1 to say before we adjourn till 3:30?

2 (No audible response.)

3 THE COURT: All right. I'm going to disconnect
4 all the lines. And we'll connect back up around 3:25.

5 Thank you.

6 (The parties thank the Court.)

7 (Recess taken from 2:48 p.m. to 3:28 p.m.)

8 AFTER RECESS

9 (Conference recording started.)

10 THE COURT: So if I could, let me start with the
11 report from Ms. Heyen, and then we'll go back to
12 Mr. Genender and then anyone else that wishes to make a
13 comment at that point.

14 Ms. Heyen, what did we learn?

15 MS. HEYEN: Can you hear me, Your Honor?

16 THE COURT: I can.

17 MS. HEYEN: Thank you, Your Honor. Shari Heyen
18 for BP Exploration.

19 We've had a chance to talk to our client. Thank
20 you for the recess. And we will commit to do the following:

21 Number one, we will commit to get these permits
22 and take all action allowed by law to prepare to do the
23 work. And Your Honor, that comes with some obligations
24 under the parties' contracts. We need Fieldwood and the
25 other owners to sign the AFEs because we need their

1 commitment to pay for the work. That should not be an issue
2 because it's my understanding the parties have acknowledged
3 their obligations under the LSPS agreement with respect to a
4 sole benefit AFE.

5 Also, we think it's responsible action for the
6 parties to continue to work together to try to document the
7 construction and the mobilization of how exactly this
8 construction work is going to be carried out because it
9 needs to be carried out in a safe and prudent manner and
10 according to proper protocols.

11 And then also the parties -- there's a commitment
12 -- I think Fieldwood needs to commit under the LSPS to
13 continue its restructuring obligations and again, Your
14 Honor, I think the parties are in active negotiations and
15 discussions around that documentation. So I don't
16 anticipate that would be a problem.

17 Number two, BP will commit to send the schedule to
18 Fieldwood that it's requesting so that it can continue -- or
19 can begin the SOP or SOO process, whatever is applicable
20 here.

21 And then the third thing, I think is a response
22 from Fieldwood with respect to committing to obtain and
23 start the SOP or SOO process.

24 THE COURT: And if that occurs -- and I'm just
25 here trying to think of, let's assume that all that works

1 for Fieldwood. It may or may not. Are we going to have a
2 dispute at the end of the day as to whether BP is going to
3 use its best efforts to complete by the deadline in the new
4 order, or is that a matter that I need to schedule a hearing
5 on because you have reasons why you don't think you should
6 be obliged to do that?

7 And I'm not asking this in anything other than
8 just an objective way so that we can plan what we need for
9 the next hearing. And you may not know the answer to that
10 yet, either, which I got, too. And that's a fair answer.

11 MS. HEYEN: Thank you. You know, I appreciate
12 that. But in working with BP, I don't know that there will
13 be a dispute over whether it's using its best efforts. I
14 think that there are ongoing negotiations and conversations,
15 I mean, like BP wants to act in a reasonable, responsible
16 manner and believes that it has been. It just wants to make
17 sure that this construction is done in the safest and most
18 responsible way, so.

19 THE COURT: Okay. Mr. Genender, given that
20 announcement by Ms. Heyen, does it make some sense to come
21 back -- and I haven't even looked at my own calendar, you
22 know, Tuesday or Wednesday, for just a very short status
23 conference. And if it turns out we then need an evidentiary
24 hearing, I'll schedule it within a day of that, if that's
25 the right thing to do. I mean, it isn't going to be my

1 calendar that will stop you from then getting a hearing
2 quickly. Obviously I may need to listen to arguments that
3 we can't do it within a day for some other reason, but my
4 calendar won't stop it.

5 MR. GENENDER: Could I ask, Your Honor, that we
6 come back for a status on Monday?

7 THE COURT: Yeah.

8 MR. GENENDER: Well, I just did ask, I should say
9 correctly. I think we'd prefer to come back on Monday, Your
10 Honor, and if we're in a great spot -- we're moving to a
11 great spot, fantastic. I think we'd all like to know that
12 sooner than later, if that's okay.

13 THE COURT: Yeah, but Monday will only be a status
14 conference. I'm not going to make everybody get all their
15 witnesses ready for Monday because it sounds like everyone
16 is getting ready to head in the same direction and I don't
17 want to spend a million dollars getting ready for a hearing
18 if that's where we are.

19 MR. GENENDER: Understood, understood. I think
20 we'd rather do that, have that status check in on Monday
21 than Tuesday, if that's okay with the Court.

22 THE COURT: And is there anything -- we're moving
23 fast. Ms. Heyen made a bunch of comments there that I found
24 to be productive.

25 Is there anything she said that read in a

1 favorable light because it's hard to put everything in
2 contractual terms when you're in Ms. Heyen's shoes? So read
3 in a favorable and good faith light, does that all work?
4 And that doesn't mean you can't come back on Monday and
5 complain about it. I'm just trying to be sure that assuming
6 her client interprets that in a way most favorable to you,
7 in terms of her comments, that we are, in fact, moving the
8 right direction?

9 MR. GENENDER: Your Honor, directional, yes.
10 Sometimes the devil is in the details. The direction is
11 yes.

12 THE COURT: I know.

13 MR. GENENDER: But the answer to your question is
14 certainly I do think that you hit on a key issue, which is:
15 Are we going to have a dispute as to whether this project
16 can be done or be able to do this in six to eight weeks, but
17 I'm hoping that we're not going to have a dispute. I'll
18 share Ms. Heyen's hope that that can be the key issue and
19 that we have the assurance now that the preparatory actions
20 are taking place between now and Monday certainly. We
21 appreciate that and then I know the Debtors appreciate that
22 very much, Your Honor.

23 THE COURT: Thank you.

24 Mr. Skelton, you had wanted to speak.

25 MR. SKELTON: Yes, Judge. I represent Red Willow

1 Offshore, LLC and Houston Energy Development [sic] Ventures,
2 LLC I. And we own basically 35 percent collectively of the
3 prospect in question.

4 We have been actively involved, even though we're
5 non-operators. Obviously we've been keenly following these
6 events and it is in my view essential that the Court be
7 prepared to take an active role if needed here. And we
8 don't intend to get into a swearing contest with BP right
9 now. I don't think that's productive, but shall we say that
10 BP may have motives and reasons for not being in a
11 (indiscernible). And all you have to do is look at their
12 own press release.

13 THE COURT: Yeah, I'm not going there and I'm not
14 letting you go there.

15 MR. SKELTON: All right. Well, shall we say that
16 we believe the evidence will show that they --

17 THE COURT: I'm not going there and I'm not
18 letting you go there.

19 MR. SKELTON: Okay.

20 THE COURT: I want to know -- all I want to know
21 is whether this course of action of having a commitment from
22 BP made to me and a status conference on Monday is the
23 appropriate course of action? If we need to get into a
24 fight, that'll be later. But for the same reason I didn't
25 want Mr. Sergesketter to go into and Mr. Genender to go into

1 what had happened before, that's a damages fight that you
2 guys can have in five years. You know, I'm worried about
3 what I can do in the next week so that this project can get
4 finished or not. And I want to be forward looking only.

5 So it isn't helpful, I don't think, for me to
6 focus -- or for you to try to focus me on the past. I want
7 to focus on the future.

8 So that does concept work, Mr. Skelton?

9 MR. SKELTON: Yes. I believe this is a salutary
10 development and hopefully will bring us to a resolution of
11 this very important issue.

12 THE COURT: Thank you.

13 And I assume you know that Ms. Heyen and I have
14 worked many years and I think she knows I'm not shy, so
15 we'll get there.

16 MR. SKELTON: Understood, Your Honor.

17 THE COURT: So we're talking February 1st. What
18 time did you-all want to come in? I could do it anytime at
19 3:30, 4:00, 4:30, 5:00, anything like that that works for
20 the parties and will give us the most information possible
21 by that point.

22 Mr. Barr raises the request for 4:00, I think. I
23 don't think he's raising his hand. I think that was a
24 4:00 o'clock request.

25 MR. GENENDER: Your Honor, are we at the point

1 where we're taking hand signals from Matt Barr? Is that
2 what we've devolved into, Your Honor?

3 THE COURT: I'm afraid so because he didn't press
4 five star on his phone.

5 Ms. Heyen, you can either give me a hand signal,
6 or you can tell me 4:00 o'clock is okay with you.

7 MS. HEYEN: Your Honor, 4:00 is okay with BP.

8 THE COURT: All right.

9 MR. GENENDER: Your Honor, of course, 4:00 o'clock
10 is good for the Debtors, Your Honor, and thank you for
11 giving me a reason to give Mr. Barr a hard time this
12 afternoon.

13 THE COURT: Thank you.

14 Mr. Skelton, are you okay with 4:00 o'clock. I
15 don't -- my comments aren't mean to exclude your client from
16 the discussion. I just want to be forward-looking.

17 You okay with 4:00?

18 MR. SKELTON: (No audible response.)

19 THE COURT: Okay. Anyone have any problem or any
20 other comments that you wish to make about what we're doing?

21 Ms. Heyen, go ahead.

22 MS. HEYEN: Thank you, Your Honor.

23 Just one brief comment with respect to something
24 that someone said -- I can't remember who it was. But we
25 are endeavoring to use, you know, best efforts, good faith.

1 I don't want somebody to interpret this as there's some kind
2 of a guarantee out there, but that, you know, we're in the
3 middle of a pandemic. There could be weather, et cetera.

4 But I just -- for the Record I just didn't want
5 somebody to think --

6 THE COURT: I think that was my comment, which was
7 I'm going to interpret your comments in the light most
8 favorable to working hard and in good faith to get things
9 done. I did not take it as a guarantee.

10 MS. HEYEN: Okay.

11 THE COURT: I took it as you're going to try hard
12 and you know, I'll hold you-all to trying hard. I don't know
13 what outcome that means, but I'll hold you to trying hard.

14 MS. HEYEN: Very good. Thank you, Your Honor.

15 THE COURT: This sounds important to me for many
16 reasons to get it done and to get it done right. And I
17 really hope the parties can work together.

18 Is there anything else I need to do to facilitate
19 discussions or are these discussions going to go over the
20 next 72 to 96 hours and we'll come back on Monday hopefully
21 all knowing where we are.

22 MR. GENENDER: I think it's the latter, Your
23 Honor. This is Paul Genender for the Debtors.

24 I think it's the latter and we appreciate you
25 making time for us on short notice.

1 THE COURT: All right. We'll see you-all on
2 Monday. Bye-bye. Thank you.

3 (The parties thank the Court.)

4 (Proceeding adjourned at 3:40 p.m.)

5 * * * * *

6 I certify that the foregoing is a correct
7 transcript to the best of my ability produced from the
8 electronic sound recording of the ZOOM/telephonic
9 proceedings in the above-entitled matter.

10 /S/ MARY D. HENRY

11 CERTIFIED BY THE AMERICAN ASSOCIATION OF
12 ELECTRONIC REPORTERS AND TRANSCRIBERS, CET**337
13 JUDICIAL TRANSCRIBERS OF TEXAS, LLC
14 JTT TRANSCRIPT #63416
15 DATE FILED: JANUARY 31, 2021

16

17

18

19

20

21

22

23

24

25